

Poverty Reduction In Vietnam With New Challenges

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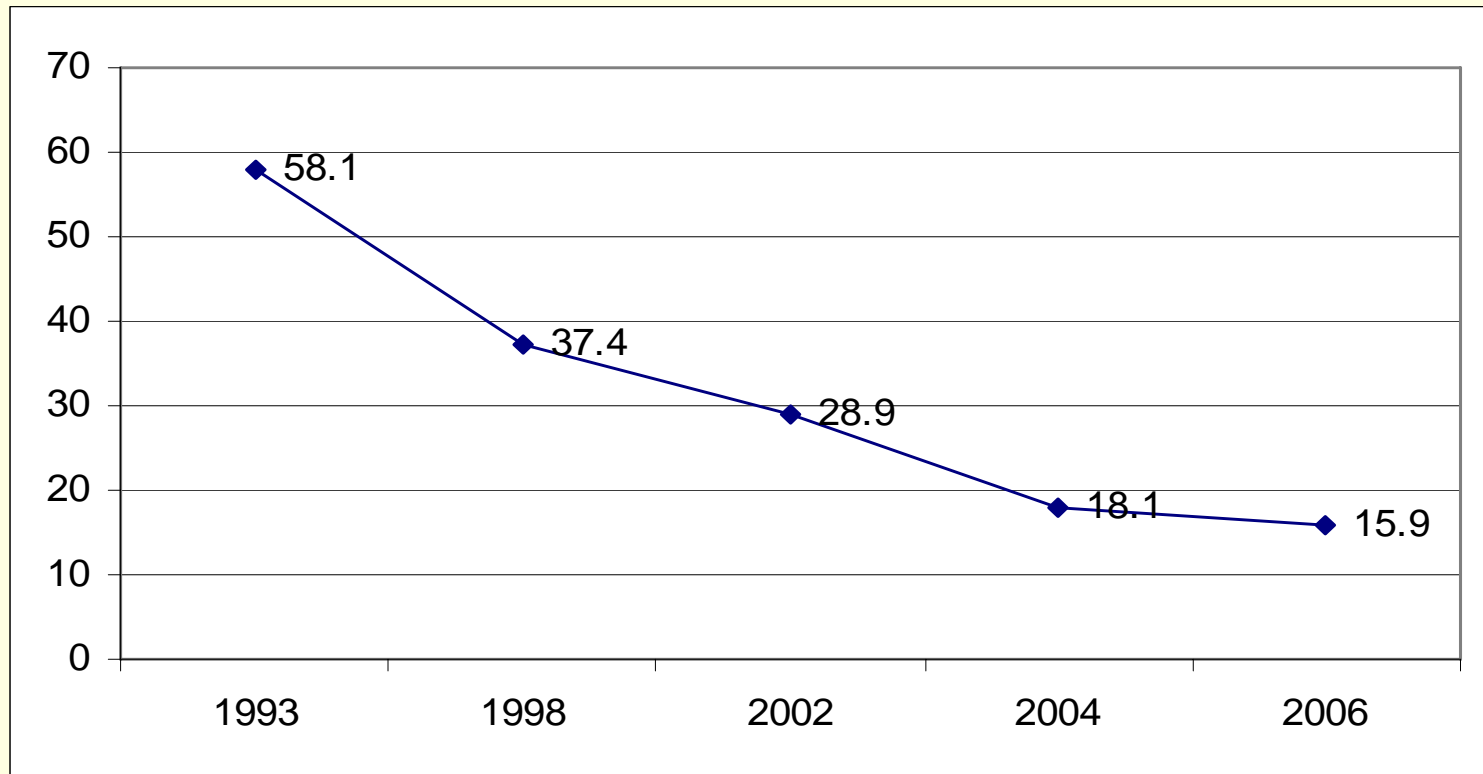
Today's Menu

- The situation of poverty and poverty reduction in Vietnam
- Pro – poor policy in Vietnam
- New factors influencing on poverty in Vietnam
- Threats of poverty reduction in Vietnam
- Policy recommendations

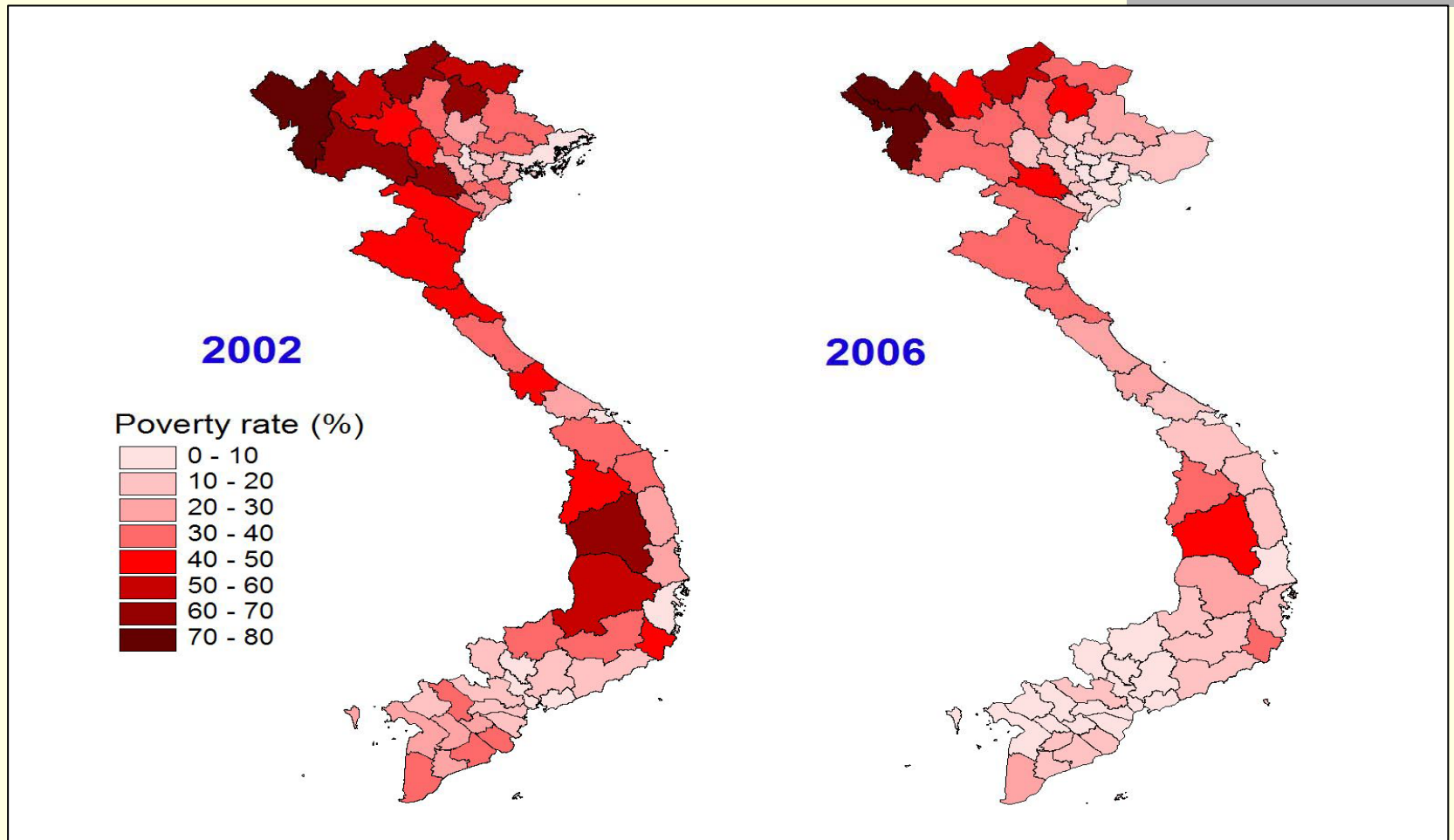
Poverty line

- The poverty indicator based on the expenditure method:
 - Consumption basket needed to secure 2100 calories per day to each member (VHLSS, GSO).
- Ministry of Labor, Invalids and Social Affairs (MOLISA)
 - 260.000 VND for Urban Area and 200.000 VND for Rural Area
- 1 USD (PPP) International poverty line

Poverty reduction in Vietnam during the 1993-2006 period



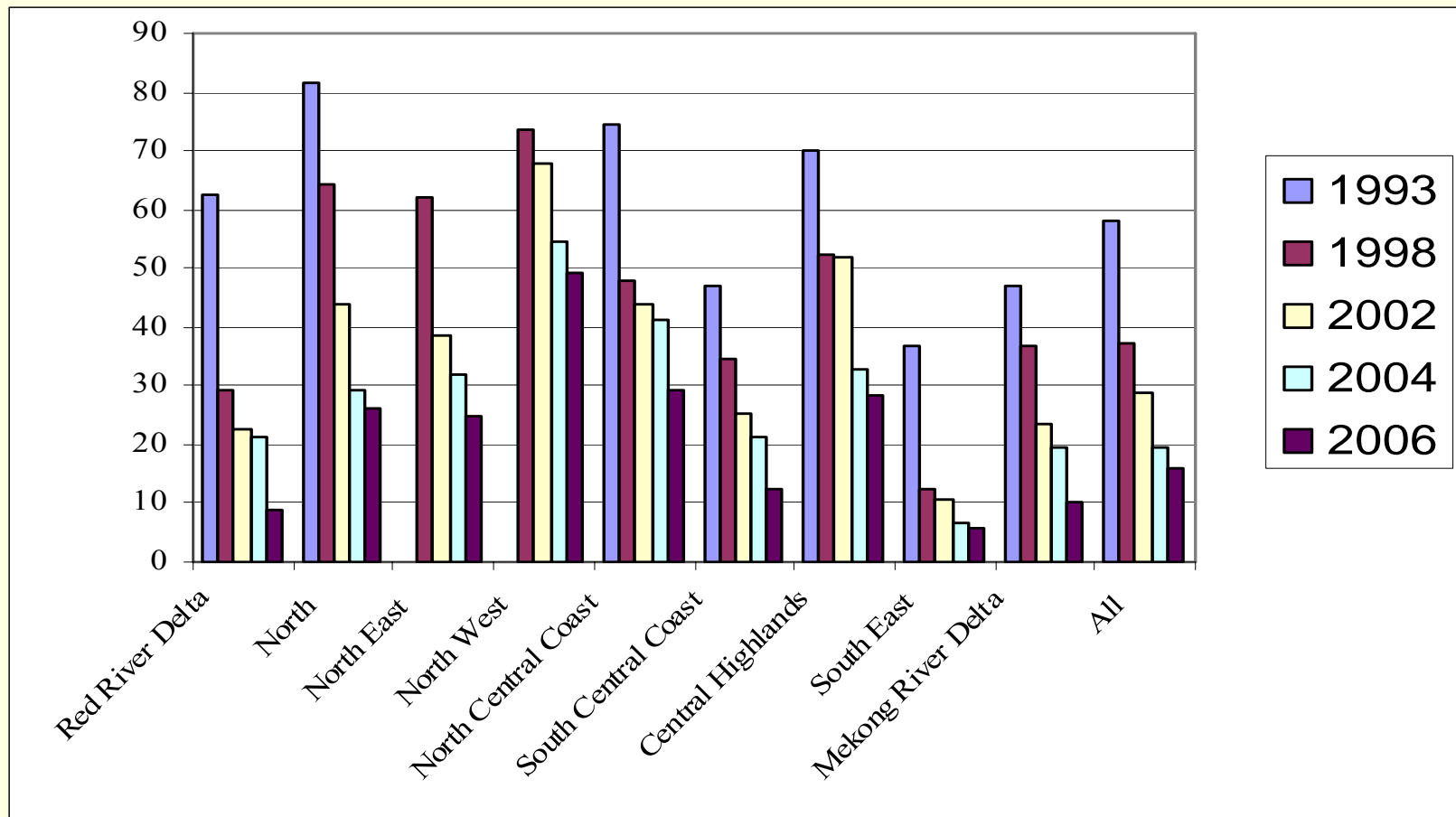
Poverty distribution in Vietnam



Poverty rate among regions in Vietnam

	Region	1993	1998	2002	2004	2006
1	Red River Delta	62.7	29.3	22.4	21.1	8.8
2	North	81.5	64.2	43.9	29.4	26.2
	<i>North East</i>	na	62.0	38.4	31.7	25.0
	<i>North West</i>	na	73.4	68.0	54.4	49.0
3	North Central Coast	74.5	48.1	43.9	41.4	29.1
4	South Central Coast	47.2	34.5	25.2	21.3	12.4
5	Central Highlands	70.0	52.4	51.8	32.7	28.4
6	South East	37.0	12.2	10.6	6.7	5.7
7	Mekong River Delta	47.1	36.9	23.4	19.5	10.2
	All	58.1	37.4	28.9	19.5	15.9

Geographical distribution of poverty in Vietnam



Source: VLSS, VHLSS (1993 – 2006)

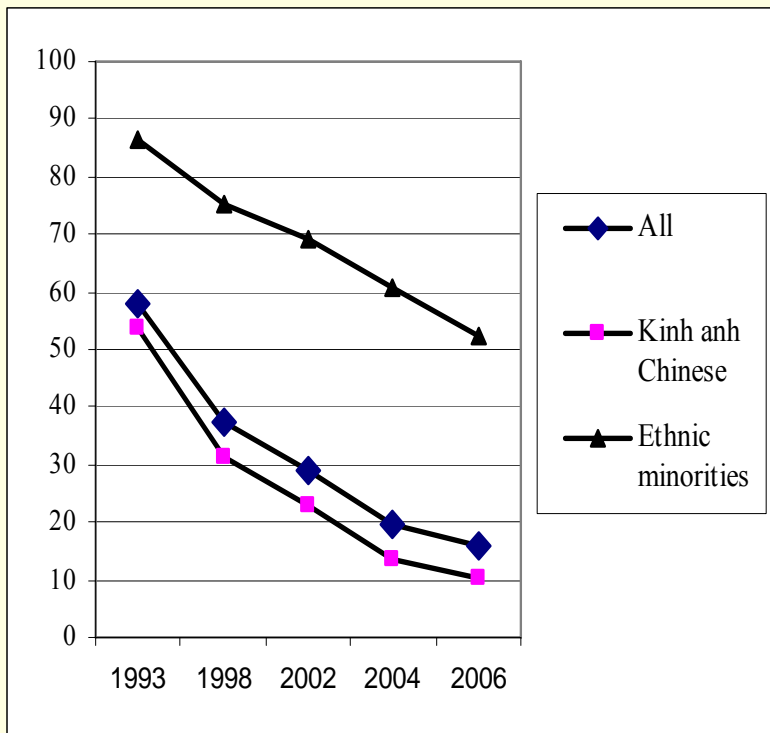
Poverty rate and poverty gap in Vietnam 1993-2006

	1993	1998	2002	2004	2006
Poverty rate	58.1	37.4	28.9	19.5	15.9
Urban	25.1	9.2	6.6	3.6	3.8
Rural	66.4	45.5	35.6	25.0	20.3
Kinh và Chinese	53.9	31.1	23.1	13.5	10.3
Ethnic minorities	86.4	75.2	69.3	60.7	52.3
Food poverty	24.9	15.0	10.9	7.4	6.7
Urban	7.9	2.5	1.9	0.8	1.2
Rural	29.1	18.6	13.6	9.7	8.7
Kinh và Chinese	20.8	10.6	6.5	3.5	3.2
Ethnic minorities	52.0	41.8	41.5	34.2	29.2
Poverty gap	18.5	9.5	6.9	4.7	3.8
Urban	6.4	1.7	1.3	0.7	3.2
Rural	21.5	11.8	8.7	6.1	4.9
Kinh và Chinese	16.0	7.1	4.7	2.6	2.0
Ethnic minorities	34.7	24.2	22.8	19.2	15.4

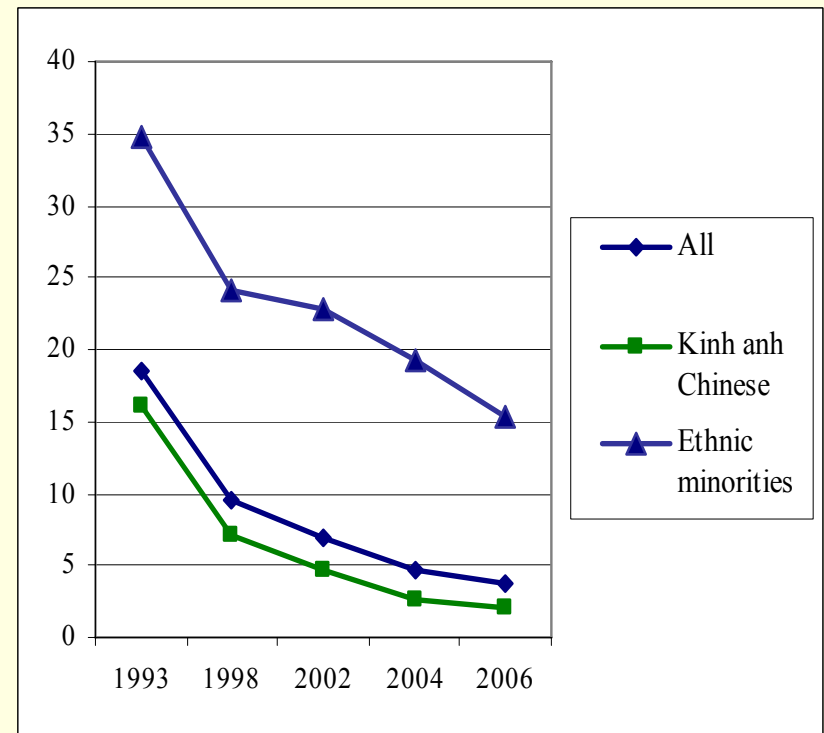
Source: VLSS, VHLSS (1993 – 2006)

Ethnicity disparities in poverty

Poverty rate



Poverty gap



Source: VLSS, VHLSS (1993 – 2006)

Comparable Poverty Rates in Selected Countries

Country	GDP per capita in PPP\$	Percent of the population living with less than one PPP\$ per day
<i>Vietnam</i>	<i>3,300</i>	<i>4.9 (2006)</i>
Malaysia	8,922	< 2.0 (2001)
Thailand	6,788	< 2.0 (2002)
Russia	11 630	< 2.0 (2002)
Sri Lanka	5, 010	5.6 (2002)
Indonesia	3,138	7.5 (2002)
Mexico	11,410	3.0 (2004)
Brazil	8,800	7.5 (2004)
Mongolia	1,651	10.8 (2002)
Philippines	4,021	14.8 (2003)
China	4,475	9.9 (2004)
Laos	1,678	26.3 (2002)
India	2,571	34.3 (2005)

Comparable Poverty Reduction in Selected Countries

Country	Period	Percent-point reduction per year	Average growth of per capita GDP
Vietnam	1993-1998	-4.1	6.8
East Asia and Pacific	1993-1998	-2.0	5.6
Bangladesh	1992-1996	-1.7	2.8
Cambodia	1994-1997	-1.0	2.6
China	1993-1998	-2.5	10.4
India	1992-1997	-1.4	3.8
Philippines	1994-1997	-1.3	1.9
Indonesia	1990-1996	-2.1	6.4
Thailand	1992-1996	-1.0	7.2

Main Poverty Reduction Policies

Year	Decision	Policy content
1998	5/1998/QĐ-TTg	<ul style="list-style-type: none"> Listed poverty reduction as one of 7 National Target Programs (NTPs)
1998	133/1998/QĐ- TTg	<ul style="list-style-type: none"> NTP for poverty reduction in 1998-2000 Poverty reduction in the nation's strategy
1998	135/1998/QĐ- TTg	<ul style="list-style-type: none"> NTP on socio-economic development for special difficult communes – PROGRAM 135
1998	327/1998/QĐ- TTg	<ul style="list-style-type: none"> NTP for planting 5 mill hectare of forest
2001	71/2001/QĐ- TTg 143/2001/QĐ-TTg	<ul style="list-style-type: none"> NTPs for poverty reduction and job creation
2006	07/2006/QĐ-TTg	<ul style="list-style-type: none"> Second phase of program 135

New factors influencing to poverty in Vietnam

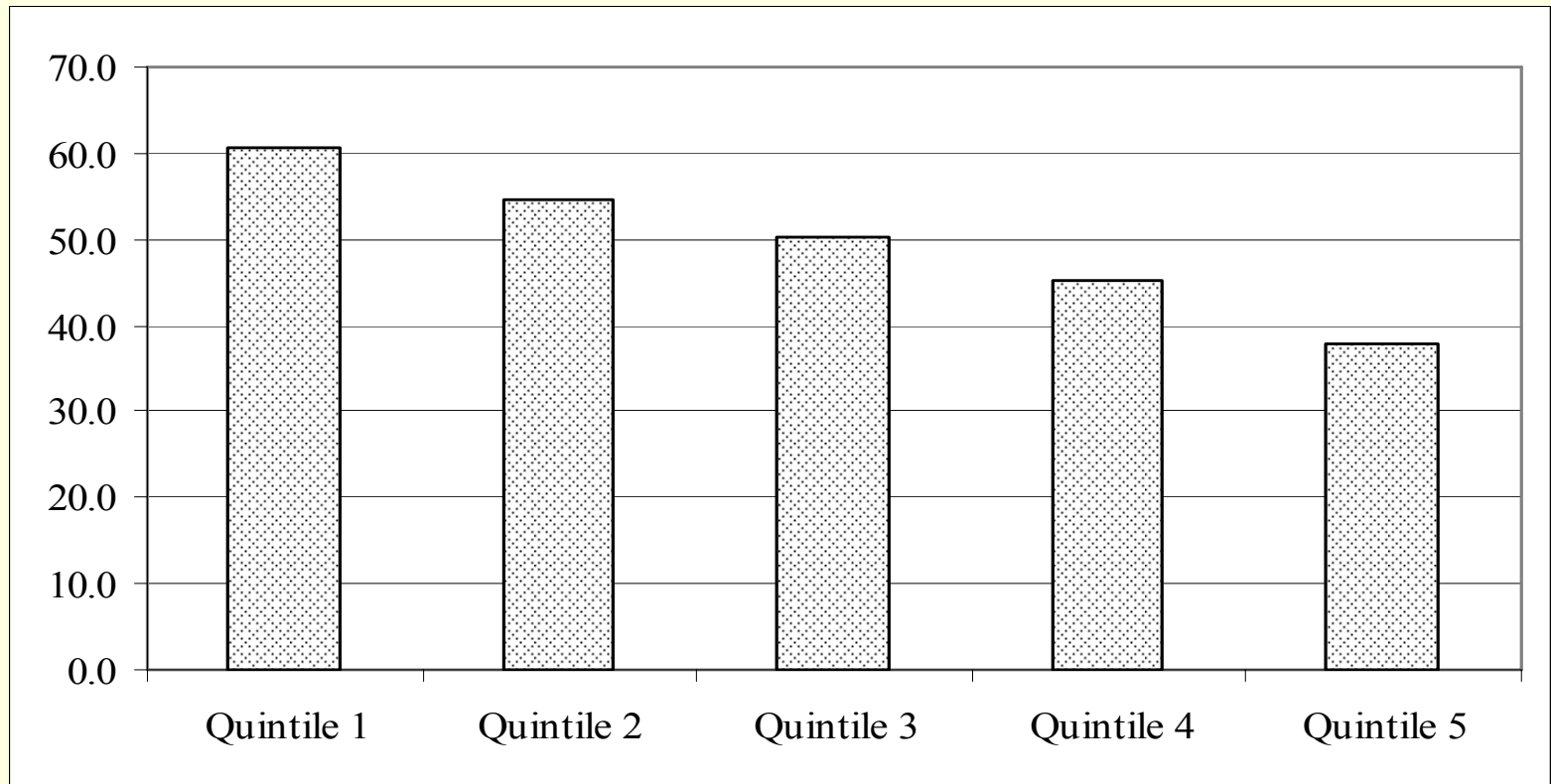
- Economic growth slowdown
- Globalization
- Inflation, especially increase of food price
- Financial turbulence

Food weight in CPI in some countries

	Economy	Share (%)
1	China	33.20
2	Hong Kong (China)	26.94
3	India	57.00
4	Indonesia	42.30
5	Korea	14.00
6	Malaysia	30.00
7	Philippines	46.58
8	Singapore	23.38
9	Taipei (China)	25.00
10	Thailand	32.71
11	Vietnam	42.85

Source: ADB, 2008.

The share of food expenditure by household group of Vietnam in 2006



Source: VHLSS (2006)

Inflation in 2007 and 3Q/2008

Year	CPI All Items	Food	Foodstuff	Health and Personal care	Education
2007	12.63	15.4	21.16	7.05	1.97
3Q/2008	22.76	36.55	48.45	8.61	3.03

Source: GSO, Today's Price Index, 2008, Sep. 2008

Effect of food price increase

- 12% urban households (including 27% poor one)
- 46% rural households
are net food buyer

- Food price increase by 10% →
 - 1.7% households welfare increased
 - 0.6% poverty reduced
 - 56% household worsen off (88% urban, 46% rural)
 - *Return toward poverty line*

Threats of poverty reduction in Vietnam

- Low stability of the poverty alleviation process, more people falling back into poverty
- The gaps between the rich and the poor among quintiles, between rural and urban areas and among economic regions are quite distant and tends to expand
- Social security services does not reach the poor (most wanted people); and government pro-poor budget is not always get to them.
- Slow implementation of Program 135 Phase II.
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Policy recommendations

- Give more economic opportunities for ethnic minority and remote regions by distributing more state budget to mountainous areas
- Accelerate the development of small and medium-size - enterprises and services in rural areas
- Re-orientate land policy, especially in withdrawing agricultural land to develop industrial park (IPs), golf ground
- Reform distribution policies
- Improve the social security policies
- Intensify the effect of the public service



**THANK YOU FOR
ATTENTION !!!**